



Get Rich Slowly: Life beyond the Magnificent Seven?

Our investment specialist hunts for some alternative growth plays.

Update
09 December 2025

It's getting to the business end of the year. The Budget is finally behind us, with a veritable advent calendar of 24 tax rises to open and savour or, as Kemi Badenoch put it, a smorgasbord of misery.

But it's not all doom and gloom in the Kepler office. This year's Christmas party features an inaugural guess-the-baby photo competition, sparking a few, erm, "safeguarding concerns" among those longer in the tooth. Thankfully, a few strategically-placed unicorns and emoticons have (just about) restored public decency.

Love is also all around on Regents Street, where we're treated to a daily parade of influencers preening and pouting their way to TikTok glory from the central reservation. A strong contender for next year's Darwin Awards for death-by-rotating-ring-light, or natural selection at its finest, depending on your inner Grinch.

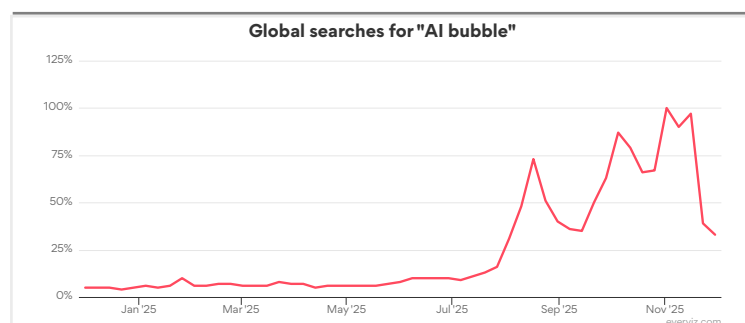
Anyway, enough festive digression and back to the equally sparkling topic of my investment portfolio.

Time to stop the tech cavalry?

As we edge towards a new year, thoughts naturally turn to portfolio allocations (or maybe that's a damning indictment on my social life?).

Top of my list (along with much of the planet) is whether the AI bubble will burst, pop or, well, just quietly deflate. Apparently, we can dial down the bubble-on-bubble anxiety, as searches for "AI bubble" have already burst (and that's probably enough of the b-word for now).

Fig.1: Fears Of An Ai Bubble Are Receding



Source: Google Trends

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Given the US accounts for around 65% of the MSCI ACWI, I'm still meaningfully underweight at a quarter of my portfolio though not a complete anomaly (at least on the investing front). A recent Visual Capitalist study revealed that UK investors typically hold a third of their portfolio in US equities, a far cry from the near-80% exposure of American investors who are nothing if not a patriotic bunch.

In a recent podcast, veteran manager Terry Smith (who, it must be said, is more of a defensive-leaning chap) suggested that most investors own AI stocks simply because they're going up, not because they've any idea how AI will actually play out. He may well have a point.

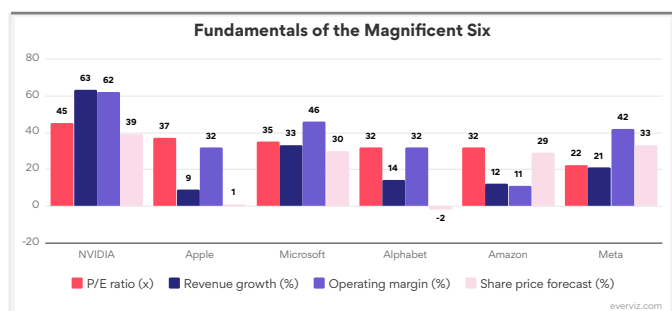
My tech exposure is via **Landseer Global Artificial Intelligence**, **Fidelity Global Technology** and, to a lesser extent, **Alliance Witan (ALW)** and **Scottish Mortgage (SMT)**. **NVIDIA (NVDA)** is my only direct holding, which is up almost 50% or so in the 10 months I've owned it.



Interestingly, the elite tribe of Warren Buffett and besties seem to have no room at the inn for the world's most valuable company. Microsoft, Alphabet, Meta, Amazon and Apple dominate their top tens (in that order), yet NVIDIA is conspicuously absent.

With full disclosure that I'm no algorithm-wielding quant wizard, here goes with my back-of-a-fag-packet sense check, ranking the Magnificent Six (I've excluded Tesla given its valuation defies earthly analysis) from most to least expensive, alongside some key metrics.

Fig.2: Fundamentals Of The Magnificent Six



Source: Financial Times & company accounts. Based on last financial year, trailing 12 month p/e ratio & the median of the 12-month share price analyst forecasts from FT data. **Past performance is not a reliable indicator of future results.**

NVIDIA may have the punchiest valuation but it's also delivered almost double Microsoft's revenue growth, wins hands-down on margins and its latest quarterly net income even beats the combined revenue of rivals Intel and Broadcom. Admittedly all rear-view mirror stuff but it could still have legs with the highest share price forecast amongst the group.

However, when you're sitting pretty on a quasi-monopoly and your training rigs cost the GDP of a small nation, there's undoubtedly a very large target on your back. Meta's recent tie-up for Google chips is a reminder that even old rivals can find common ground when there's enough zeroes at stake.

So what's the takeaway for NVIDIA? Its priced-for-perfection valuation does suggest caution, even if bull markets supposedly climb a wall of worry. As Smith warns, a cooling of AI hype could see NVIDIA tumble 80%, which may explain why the super investors are parking their chips in the more diversified mega-caps. That said, I'm happy to hold for the longer term even if there's near-term pain ahead.

Do you hear what I hear?

For once I'm not banging on about undervalued UK equities and instead casting a critical eye over my alternative growth plays for 2025 when tech valuations felt a bit topky.

First on my shopping list was **International Biotechnology (IBT)** in December 2024. On the back of political headwinds clearing and interest rates falling, the biotech recovery is in full swing, with IBT chalking up a stellar 60%-plus return in the last six months.

Managers Ailsa Craig and Marek Poszepczynski have an impressive track record of uncovering the best opportunities across the sector, with a particularly high hit rate on the M&A front. And if you'd like to find out more about the outlook for biotech, have a listen to our **recent podcast** with Ailsa.

Next up was Asia: with more than double the number of listed companies of the UK, Europe and the US combined, I've opted for the on-the-ground, big-hitting resources of Schroders and BlackRock.

Asia isn't often seen as a typical income play but **Schroder Oriental Income's (SOI)** five-year return of 65% not only tops the AIC Asia Pacific Equity Income sector but is more than double the highest-returning fund in the Asia Pacific sector too. Proof that income doesn't need to come at the expense of growth, with manager Richard Sennitt showcasing the merits of a steady hand on the tiller in a heterogeneous universe.

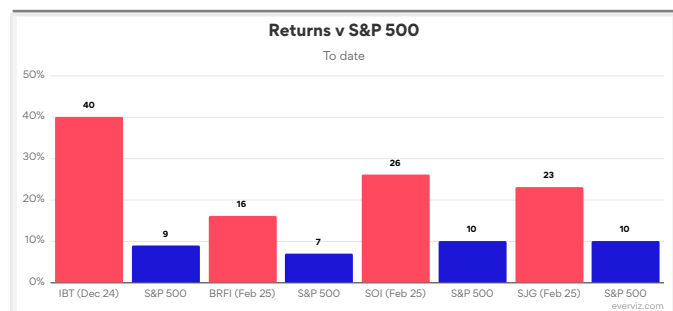
Stablemate <https://www.trustintelligence.co.uk/investor/articles/podcast-trust-issues-investing-in-the-biotech-sector-with-ibt-s-ailsa-craig-retail-nov-2025> was added in February to plug the gap in my Asian exposure. There's plenty going for Japan, from corporate governance reform to rising household income, and SJG's small and mid-cap tilt has served it well this year, underpinning a one-year return of more than 20%.

Last on the list was **BlackRock Frontiers (BRFI)** with manager Emily Fletcher gracing our **October Market Matters podcast**. Emerging markets tick the box on the growth front but are increasingly resembling a Magnificent Seven proxy play given the dominance of the likes of TSMC, Tencent and Alibaba. BRFI avoids the eight largest emerging markets entirely, offering genuine diversification away from both US tech and EM heavyweights.

So how did my picks fare as alternative growth plays to the S&P 500? Well, IBT took top honours with more than four times the S&P 500 return but all the other funds have comfortably outperformed too. Bubble or no bubble, perhaps there is life beyond the Magnificent Seven after all.



Fig.3: My Growth Picks Have All Beaten The S&P 500



Source: HL & FE Analytics (as at 08/12/2025. Returns based on the date of purchase to the current date.

Past performance is not a reliable indicator of future results.

And, finally, may the only bubbles you need to worry about this festive season be the ones in your glasses. Here's to a jolly Christmas and we hope you join us for more portfolio ponderings in the new year.

All numbers as at 08/12/2025 unless stated otherwise, returns based on share price total returns.



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